

AMENDED IN SENATE MAY 25, 2011

AMENDED IN SENATE MAY 9, 2011

AMENDED IN SENATE APRIL 14, 2011

AMENDED IN SENATE MARCH 25, 2011

SENATE BILL

No. 760

Introduced by Senator Alquist

February 18, 2011

An act to amend Sections 69432.7 and 69433.2 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 760, as amended, Alquist. Postsecondary education: the Cal Grant Program.

Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program), establishes the Cal Grant A and B Entitlement Awards, the California Community College Transfer Entitlement Awards, the Competitive Cal Grant A and B Awards, the Cal Grant C Awards, and the Cal Grant T Awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions. Existing law requires each Cal Grant participating institutions to annually report to the California Student Aid Commission enrollment, persistence, and graduation data for all of its students in its undergraduate programs and for its Cal Grant recipients in the aggregate.

This bill, among other things, would define on-time completion rate, and require that the enrollment, persistence, and graduation data be provided for each California campus represented on the institution's

participation agreement with the commission and at each of its California campuses identified under the same 6-digit federal identification number. The bill would also specify the types of data that shall be included in each of the data categories and that the data be reported by term.

Existing law requires Cal Grant participating institutions, *beginning in 2012*, to annually report to the California Student Aid Commission job placement rate and salary and wage information for each program that is either designed or advertised to lead to a particular type of job or advertised or promoted with any claim regarding job placement.

This bill would define placement rate, and specify how it is to be calculated. *The bill would specify that the annual report required under this provision would relate to students in Cal Grant eligible undergraduate programs, and that it would be required beginning on December 1, 2013.* The bill would allow the commission to use data already available from federal agencies and other state agencies in lieu of requiring institutions to report, if the commission determines that the data ~~is~~ *are* sufficient for meeting specified requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 69432.7 of the Education Code is
- 2 amended to read:
- 3 69432.7. As used in this chapter, the following terms have the
- 4 following meanings:
- 5 (a) An “academic year” is July 1 to June 30, inclusive. The
- 6 starting date of a session shall determine the academic year in
- 7 which it is included.
- 8 (b) “Access costs” means living expenses and expenses for
- 9 transportation, supplies, and books.
- 10 (c) “Award year” means one academic year, or the equivalent,
- 11 of attendance at a qualifying institution.
- 12 (d) “California campus” means each California campus,
- 13 additional location, site, or branch identified on the institutional
- 14 participation agreement of the qualifying institution.
- 15 (e) “College grade point average” and “community college
- 16 grade point average” mean a grade point average calculated on the
- 17 basis of all college work completed, except for nontransferable

1 units and courses not counted in the computation for admission to
2 a California public institution of higher education that grants a
3 baccalaureate degree.

4 (f) “Commission” means the Student Aid Commission.

5 (g) “Enrollment status” means part- or full-time status.

6 (1) “Part time,” for purposes of Cal Grant eligibility, means 6
7 to 11 semester units, inclusive, or the equivalent.

8 (2) “Full time,” for purposes of Cal Grant eligibility, means 12
9 or more semester units or the equivalent.

10 (h) “Expected family contribution,” with respect to an applicant,
11 shall be determined using the federal methodology pursuant to
12 subdivision (a) of Section 69506 (as established by Title IV of the
13 federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.
14 1070 et seq.)) and applicable rules and regulations adopted by the
15 commission.

16 (i) “High school grade point average” means a grade point
17 average calculated on a 4.0 scale, using all academic coursework,
18 for the sophomore year, the summer following the sophomore
19 year, the junior year, and the summer following the junior year,
20 excluding physical education, reserve officer training corps
21 (ROTC), and remedial courses, and computed pursuant to
22 regulations of the commission. However, for high school graduates
23 who apply after their senior year, “high school grade point average”
24 includes senior year coursework.

25 (j) “Instructional program of not less than one academic year”
26 means a program of study that results in the award of an associate
27 or baccalaureate degree or certificate requiring at least 24 semester
28 units or the equivalent, or that results in eligibility for transfer from
29 a community college to a baccalaureate degree program.

30 (k) “Instructional program of not less than two academic years”
31 means a program of study that results in the award of an associate
32 or baccalaureate degree requiring at least 48 semester units or the
33 equivalent, or that results in eligibility for transfer from a
34 community college to a baccalaureate degree program.

35 (l) “Maximum household income and asset levels” means the
36 applicable household income and household asset levels for
37 participants, including new applicants and renewing recipients, in
38 the Cal Grant Program, as defined and adopted in regulations by
39 the commission for the 2001–02 academic year, which shall be
40 set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent and Independent students with dependents*		
Family Size		
Six or more	\$74,100	\$40,700
Five	\$68,700	\$37,700
Four	\$64,100	\$33,700
Three	\$59,000	\$30,300
Two	\$57,600	\$26,900
Independent		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

*Applies to independent students with dependents other than a spouse.

CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

**Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient's initial Cal Grant award. For a recipient who was initially awarded

1 a Cal Grant for an academic year before the 2011–12 academic
2 year, the maximum household income and asset levels shall be the
3 greater of the adjusted maximum household income and asset
4 levels or the 2010–11 academic year maximum household income
5 and asset levels. An applicant or renewal recipient who qualifies
6 to be considered under the simplified needs test established by
7 federal law for student assistance shall be presumed to meet the
8 asset level test under this section. Prior to disbursing any Cal Grant
9 funds, a qualifying institution shall be obligated, under the terms
10 of its institutional participation agreement with the commission,
11 to resolve any conflicts that may exist in the data the institution
12 possesses relating to that individual.

13 (m) “Normal time” means the amount of time necessary for a
14 student to complete all requirements for a degree or certificate
15 according to the institution’s catalog.

16 (n) “On-time completion rate” means all of the following:

17 (1) The number of students attending a California campus who
18 completed the program during the most recently completed award
19 year.

20 (2) The number of students in paragraph (1) who completed the
21 program within the normal time, as defined in subdivision (m)
22 regardless of whether students transferred into the program or
23 changed programs at the institution.

24 (3) Dividing the number of students attending a California
25 campus who completed the program within normal time, as
26 determined under paragraph (2), by the total number of students
27 who completed the program, as determined under paragraph (1),
28 and multiplying the result by 100.

29 (4) Institutions shall calculate the on-time completion rate for
30 each California campus identified under the same six-digit federal
31 Office of Postsecondary Education identification number.

32 (o) “Placement rate” means the placement rate for students
33 attending a California campus as determined under a methodology
34 developed by the National Center for Education Statistics (NCES),
35 when the rate is available. If the NCES has not specified a
36 methodology, the placement rate for students attending a California
37 campus shall be the methodology specified by the institution’s
38 accrediting agency. If the accrediting agency requires an institution
39 to calculate a placement rate at the institutional level or other than
40 a program basis, the institution must use the accrediting agency

1 methodology to calculate a placement rate for the program.
2 Institutions shall report placement rates for California campuses
3 and any California locations of the institution individually and in
4 the aggregate. If the accrediting agency does not specify a
5 methodology for the calculation of a placement rate, the
6 commission shall specify the methodology.

7 (p) (1) “Qualifying institution” means an institution that
8 complies with paragraphs (2) and (3) and is any of the following:

9 (A) A California private or independent postsecondary
10 educational institution that participates in the Pell Grant Program
11 and in at least two of the following federal campus-based student
12 aid programs:

13 (i) Federal Work-Study.

14 (ii) Perkins Loan Program.

15 (iii) Supplemental Educational Opportunity Grant Program.

16 (B) A nonprofit institution headquartered and operating in
17 California that certifies to the commission that 10 percent of the
18 institution’s operating budget, as demonstrated in an audited
19 financial statement, is expended for the purposes of institutionally
20 funded student financial aid in the form of grants, that demonstrates
21 to the commission that it has the administrative capacity to
22 administer the funds, that is accredited by the Western Association
23 of Schools and Colleges, and that meets any other state-required
24 criteria adopted by regulation by the commission in consultation
25 with the Department of Finance. A regionally accredited institution
26 that was deemed qualified by the commission to participate in the
27 Cal Grant Program for the 2000–01 academic year shall retain its
28 eligibility as long as it maintains its existing accreditation status.

29 (C) A California public postsecondary educational institution.

30 (2) (A) The institution shall provide information on where to
31 access California license examination passage rates for the most
32 recent available year from graduates of its undergraduate programs
33 leading to employment for which passage of a California licensing
34 examination is required, if that data is electronically available
35 through the Internet Web site of a California licensing or regulatory
36 agency. For purposes of this paragraph, “provide” may exclusively
37 include placement of an Internet Web site address labeled as an
38 access point for the data on the passage rates of recent program
39 graduates on the Internet Web site where enrollment information
40 is also located, on an Internet Web site that provides centralized

1 admissions information for postsecondary educational systems
2 with multiple campuses, or on applications for enrollment or other
3 program information distributed to prospective students.

4 (B) The institution shall be responsible for certifying to the
5 commission compliance with the requirements of subparagraph
6 (A).

7 (3) (A) The commission shall certify by October 1 of each year
8 the institution's latest three-year cohort default rate as most recently
9 reported by the United States Department of Education.

10 (B) For purposes of the 2011–12 academic year, an otherwise
11 qualifying institution with a 2008 trial three-year cohort default
12 rate reported by the United States Department of Education as of
13 February 28, 2011, that is equal to or greater than 24.6 percent
14 shall be ineligible for initial and renewal Cal Grant awards at the
15 institution, except as provided in subparagraph (F).

16 (C) For purposes of the 2012–13 academic year, and every
17 academic year thereafter, an otherwise qualifying institution with
18 a three-year cohort default rate that is equal to or greater than 30
19 percent, as certified by the commission on October 1, 2011, and
20 every year thereafter, shall be ineligible for initial or renewal Cal
21 Grant awards at the institution, except as provided in subparagraph
22 (F).

23 (D) (i) An otherwise qualifying institution that becomes
24 ineligible under this paragraph for initial and renewal Cal Grant
25 awards may regain its eligibility for the academic year following
26 an academic year in which it satisfies the requirements established
27 in subparagraph (B) or (C), as applicable.

28 (ii) If the United States Department of Education corrects or
29 revises an institution's three-year cohort default rate that originally
30 failed to satisfy the requirements established in subparagraph (B)
31 or (C), as applicable, and the correction or revision results in the
32 institution's three-year cohort default rate satisfying those
33 requirements, that institution shall immediately regain its eligibility
34 for the academic year to which the corrected or revised three-year
35 cohort default rate would have been applied.

36 (E) An otherwise qualifying institution for which no three-year
37 cohort default rate has been reported by the United States
38 Department of Education shall be provisionally eligible to
39 participate in the Cal Grant Program until a three-year cohort

1 default rate has been reported for the institution by the United
2 States Department of Education.

3 (F) An institution that is ineligible for initial and renewal Cal
4 Grant awards at the institution under subparagraph (B) or (C) shall
5 be eligible for renewal Cal Grant awards for recipients who were
6 enrolled in the ineligible institution during the academic year before
7 the academic year for which the institution is ineligible and who
8 choose to renew their Cal Grant awards to attend the ineligible
9 institution. Cal Grant awards subject to this subparagraph shall be
10 reduced as follows:

11 (i) The maximum Cal Grant A and B awards specified in the
12 annual Budget Act shall be reduced by 20 percent.

13 (ii) The reductions specified in this subparagraph shall not
14 impact access costs as specified in subdivision (b) of Section
15 69435.

16 (G) Notwithstanding any other law, the requirements of this
17 paragraph shall not apply to institutions with 40 percent or less of
18 undergraduate students borrowing federal student loans, using
19 information reported to the United States Department of Education
20 for the academic year two years prior to the year in which the
21 commission is certifying the three-year cohort default rate pursuant
22 to subparagraph (A).

23 (H) By January 1, 2013, the Legislative Analyst shall submit
24 to the Legislature a report on the implementation of this paragraph.
25 The report shall be prepared in consultation with the commission,
26 and shall include policy recommendations for appropriate measures
27 of default risk and other direct or indirect measures of quality or
28 effectiveness in educational institutions participating in the Cal
29 Grant Program, and appropriate scores for those measures. It is
30 the intent of the Legislature that appropriate policy and fiscal
31 committees review the requirements of this paragraph and consider
32 changes thereto.

33 (q) “Satisfactory academic progress” means those criteria
34 required by applicable federal standards published in Title 34 of
35 the Code of Federal Regulations. The commission may adopt
36 regulations defining “satisfactory academic progress” in a manner
37 that is consistent with those federal standards.

38 SEC. 2. Section 69433.2 of the Education Code is amended to
39 read:

69433.2. (a) As a condition for its voluntary participation in the Cal Grant Program, each Cal Grant participating institution shall, beginning ~~July~~ *December* 1, 2013, annually report to the commission for the academic year immediately prior, and as further specified in the institutional participation agreement, all of the following for all students in its *Cal Grant eligible* undergraduate programs at each California campus identified under the same six-digit federal Office of Postsecondary Education identification number:

(1) (A) Enrollment data, including enrollment status and whether the student is a first-time student, continuing or returning student, transfer student, or other student.

(B) Persistence data, including a student's educational level.

(C) Graduation data, including whether a degree or certificate was conferred and the on-time completion rate by cohort based on date of initial enrollment and by degree and certificate, for each California campus identified under the same six-digit federal Office of Postsecondary Education identification number, and in the aggregate for all the institution's campuses and locations.

(2) The job placement rate and salary and wage information for each program that is either of the following:

(A) Designed or advertised to lead to a particular type of job.

(B) Advertised or promoted with any claim regarding job placement. Job placement rate and salary and wage information required by this subdivision shall be reported for each program for each California campus identified under the same six-digit federal Office of Postsecondary Education identification number, and in the aggregate for all the institution's campuses and locations. The job placement rate and salary and wage information shall be reported in the aggregate for Cal Grant recipients by program.

(b) The commission may use data already available from federal agencies and other state agencies in lieu of requiring institutions to report, if the commission determines that the data ~~is~~ *are* sufficient for meeting the requirements of this section.